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SIPDIS

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E.O. 12958: N/A

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SUBJECT: FIRST BROADBAND FREQUENCY "OPEN" AUCTION IN INDONESIA

REF: State 27310

¶1. Indonesian telecommunication officials announced the start of an auction process for 2.3GHz radio frequency for broadband wireless access. Only companies or their subsidiaries that are majority Indonesian-owned are able to compete per the 2007 Investment Law and accompanying Negative List. Additionally, only businesses with Indonesian network or service licenses will be able to compete.

¶2. The Department of Communications and Information (DEPKOMINFO) laid out the following process for interested bidders:  
-- Apr 29-May 5 Pick-up bidding document;  
-- May 6 Submit written questions;  
-- May 11-20 Submit pre-qualification documents;  
-- May 29 Announce prequalification results;  
-- June 1-5 Prequalification appeal period;  
-- June 3-9 Pre-auction clarifying meeting;  
-- June 10-12 Implement three round auction;  
-- June 12 Announce auction results;  
-- June 15-16 Auction appeal period;  
-- June 17 Confirmation of auction results.

¶3. Indonesian officials plan to hold future auctions for the 3.3 and 3.5 GHz frequencies. No date is set for these future auctions. Earlier this year, DEPKOMINFO issued a Ministerial decree instructing operators using those frequencies to migrate to other frequencies.

¶4. Because of the Indonesian Negative List on Foreign Investment, U.S. firms will not be able to participate in the auction unless they partner with local companies to create a subsidiary that is majority Indonesian-owned. Interestingly, DEPKOMINFO officials said Indosat may not be able to compete because they are majority owned by a Qatar firm. The official added that a majority Indonesian-owned subsidiary of Indosat could still participate in the auction.

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